

Iowa Lottery FY 2004 Budget Presentation



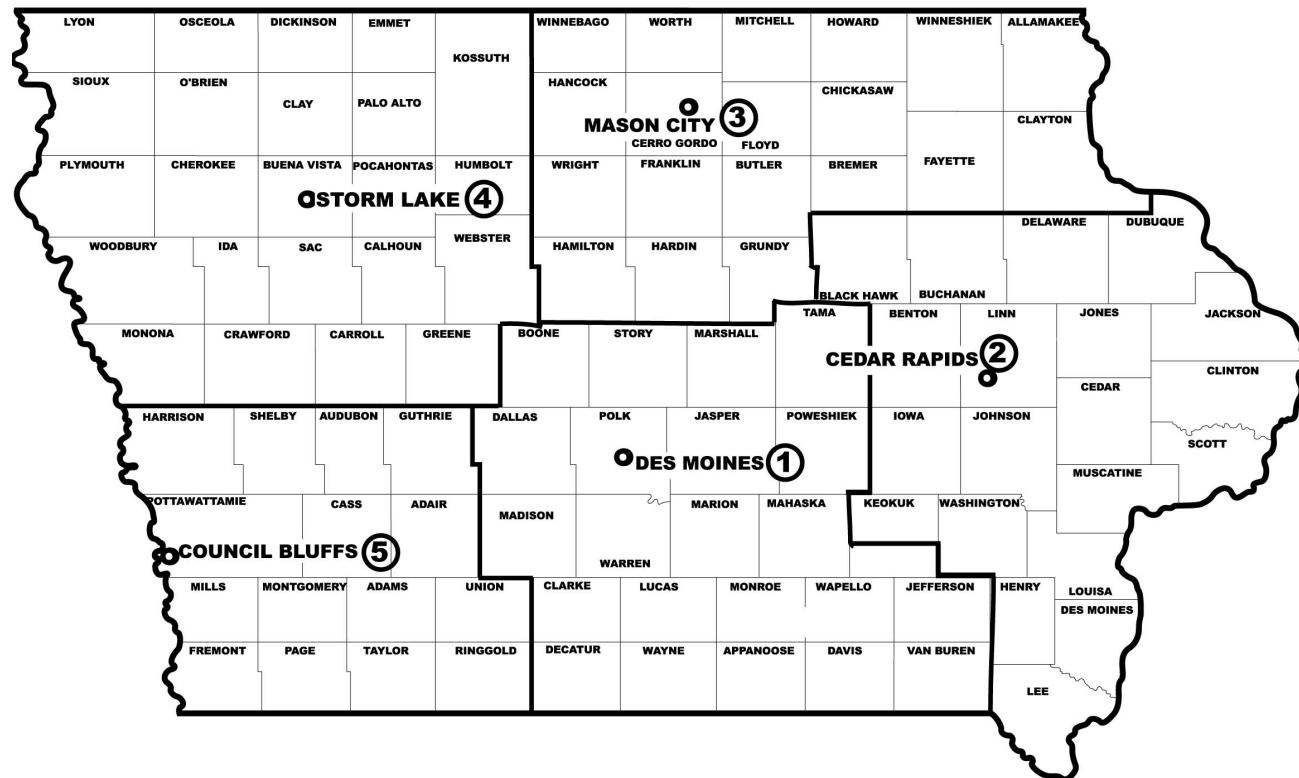
Division of Iowa Department of Revenue and Finance
Edward J. Stanek, Ph.D.
Commissioner

Feb. 5, 2003



Budgeting for Results

- Iowa Code Chapter 99E directs the lottery to “produce the maximum amount of net revenues for the state in a manner which maintains the dignity of the state and the general welfare of the people.”

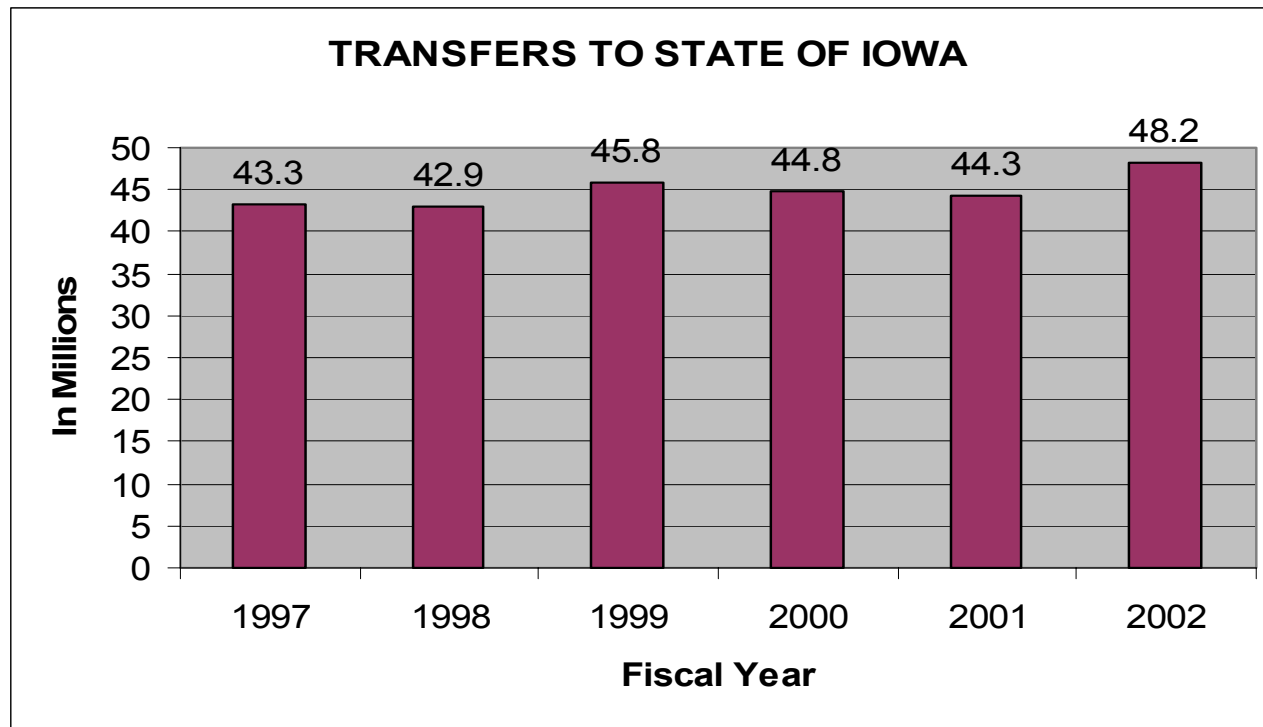


Revenues and Prizes

- From the Iowa Lottery's start in 1985 through December 2002, players have won more than \$1.6 billion in prizes.
- The lottery has raised more than \$804.5 million for state programs during that same time.



Steady Revenues to the State



- Iowa Lottery revenues to the state have remained steady for the past several years.



Current Conditions: A Mix

- **The state and national economy remain sluggish.**
- **Internet pirates continue to steal sales from lotteries and other forms of legalized gaming.**
- **“Super stores” are displacing historic retailers.**

But ...

- **The Powerball jackpot that reached a record \$314.5 million on Christmas Day has meant a strong performance for the current the fiscal year.**
- **People have been able to continue their normal routines during the mild winter.**
- **Gasoline prices are relatively low.**



Powerball's success



- Powerball is now played in Iowa, 22 other states, the District of Columbia and the U.S. Virgin Islands.
- More states that currently have lotteries are considering joining the game and new lotteries likely will start in several other states in the next few years.

Some FY 2003 Projects



Budget For Lottery Fund

	FY 02 ACTUAL	FY 03 BUDGET	FY 04 BUDGET REQUEST
Resources			
Lottery Sales	181,320,530	175,000,000	175,000,000
Interest	555,232	500,000	500,000
Application Fees	21,350	25,000	25,000
Other	4,005,064	5,000	5,000
Total Resources	<u>185,902,176</u>	<u>175,530,000</u>	<u>175,530,000</u>
Expenditures			
Terminal Communications	1,216,398	475,338	595,338
Instant PT Vending machine rentals	2,179,439	2,100,000	2,100,000
Retailer Lottery System	5,362,547	5,175,618	5,175,618
Tower Rental	34,397	35,000	35,000
Proceeds Transfer	<u>38,995,650</u>	<u>33,450,990</u>	<u>33,263,031</u>
Gamblers Assistance	<u>532,775</u>	<u>501,500</u>	<u>501,500</u>
Marketing, Education and Information	6,010,664	6,666,667	6,666,667
Sales Tax Transfer	8,636,761	8,333,333	8,333,333
Ticket Dispensers	126,791	127,000	127,000
Drawing Equipment		5,000	
Prizes	99,846,661	95,487,912	95,560,871
Retailer Compensation	11,724,574	11,315,875	11,315,875
Instant PT Ticket Expense	3,001,626	2,896,994	2,896,994
Refunds	<u>5,077</u>	<u>2,100</u>	<u>2,100</u>
Total Expenditures	<u>177,673,360</u>	<u>166,573,327</u>	<u>166,573,327</u>
State Appropriations			
Lottery Operations	8,096,618	8,956,673	8,956,673
Total Expenditures and Appropriations	<u>185,769,978</u>	<u>175,530,000</u>	<u>175,530,000</u>

Budget For Lottery Operations

	FY 02 ACTUAL	FY 03 BUDGET	FY 04 BUDGET REQUEST
Personal Services	5,988,024	6,566,719	6,566,719
Personal Travel in State	105,933	125,786	125,786
State Vehicle Operation	175,718	219,648	219,648
Vehicle Depreciation	181,835	209,111	209,111
Personal Travel Out of State	14,014	17,518	17,518
Office Supplies	103,084	136,220	136,220
Facility Maintenance Supplies	6,220	8,753	8,753
Other Supplies	4,928	5,987	5,987
Printing and Binding	68,584	81,391	81,391
Communications	156,498	172,851	172,851
Rentals	565,288	579,261	579,261
Utilities	60,958	69,106	69,106
Prof & Scientific Services	55,119	68,875	68,875
Outside Services	66,544	70,341	70,341
Outside Repairs	13,949	15,522	15,522
Attorney General	99,462	105,325	105,325
Auditor of State	97,148	102,750	102,750
Reimbursement to Other Agencies	189,422	213,275	213,275
ITS Reimbursement	6,529	11,638	11,638
Equipment	8,041	9,009	9,009
Equipment Non Inventory	10,956	10,700	10,700
Data Processing Inventory	0	35,000	35,000
Data Processing Non Inventory	78,055	77,937	77,937
Other Expenses	39,169	41,650	41,650
Fees	1,140	2,300	2,300
Total Lottery Operations	<u>8,096,618</u>	<u>8,956,673</u>	<u>8,956,673</u>
FTE	<u>109</u>	<u>117</u>	<u>117</u>

STATE OF IOWA
BUDGETING FOR RESULTS

Budget Unit: **633-627**
Iowa Lottery

	Fiscal Year	General Fund Appropriations	Other Appropriations	Receipts	TOTAL BUDGET
Actual	2002	\$0	\$0	\$185,902,176	\$185,902,176
Estimated	2003	\$0	\$0	\$175,530,000	\$175,530,000
Department Request	2004	\$0	\$0	\$175,530,000	\$175,530,000
Governor's Recommendation	2004				

The goal of the Iowa Lottery is to produce the maximum amount of net revenues for the state in a manner which maintains the dignity of the state and the general welfare of the people.

Programs

Lottery sales
Gambler's treatment program

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22.6	\$0		\$175,530,000	\$175,530,000
22.7	\$0		\$501,500	\$501,500

Lottery Sales

Program Purpose:

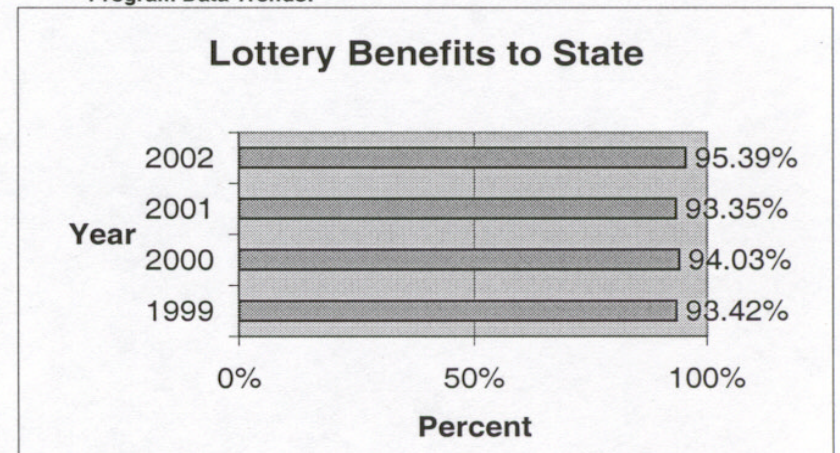
To develop and operate Lottery games that provide Iowans with fun and entertainment while maximizing net revenues in a manner which maintains the dignity of the state and the general welfare of its people.

Performance Measures

Percentage of sales returned as direct benefits to residents of the state.
Direct benefits consists of prizes, retailer compensation, proceeds to the state, payment to Iowa vendors, gambler's treatment transfers, sales tax, and salaries.

\$0		\$175,530,000	\$175,530,000
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Program Data Trends:



Gambler's Treatment Information

Program Purpose:

To cooperate with the Gambling Treatment Program administered by the Iowa Department of Public Health to incorporate information regarding the Gambling Treatment Program and its toll-free telephone number in printed materials.

Performance Measures

Percentage of Lottery's printed materials that refer to the Gambler's Treatment Program.

Over 103 million printed items contained the Gambler's Treatment message and phone number.

\$0		\$501,500	\$501,500
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Program Data Trends:

Pieces printed with Gamblers Treatment Message

